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FOREIGN AID: PROMISES VERSUS RESULTS

Foreign aid has never been popular with the general U. S. public, but voters continue to elect Presidents and Members of Congress who continue to plunder taxpayers for foreign handouts.

One reason for this is that Americans have been lied to.

In the beginning, there was lend-lease, to help the British and Soviets fight nazis, and keep the U. S. out of World War II. But while promising that our tax money going into lend-lease would keep us out of the war, President Roosevelt was conniving to get us in.

As World War II drew to a close, there was UNRRA — United Nations Relief and Rehabilitation Administration (financed by the U. S.). We were promised that UNRRA would put war-ravaged Europe on the road to freedom. That was a powerful appeal to our humanitarianism. A vast quantity of UNRRA aid went to the Soviets, however, and helped pay for the communist enslavement of central and eastern Europe.

Great Britain, American ally who had fought valiantly and suffered mightily in World War II, was foundering economically. If Britain went down, she would drag all of Europe *and* the United States with her.

We were promised that this calamity could be obviated by another "loan" to Great Britain. Most literate Americans knew the British had never repaid their World War I debts to us, and would never repay the billions we lent her during World War II. But our humanitarianism had been rubbed again, and this time with an extra stroke: not only could we succor a gallant friend and save the world, but we could also help ourselves by helping others. So, there was little public protest shortly after the collapse of Japan in 1945, when our government made a four-billion-dollar loan to forestall economic crisis in Great Britain. In the end, our tax money helped finance the labor government's socialist programs, which created a *permanent* economic crisis for Great Britain.

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Even before that happened, however, there was another crisis. Harry Truman, who never before had displayed dislike for Uncle Joe Stalin or revealed concern about the danger of communism, suddenly discovered that communism was an aggressive threat in the world — not in the United States, mind you, but elsewhere. In 1946, Truman proposed and Congress approved foreign aid to resist communism. That received the support of most Americans. It was not long, however, before many began to realize that the spread of communism was helped, not hindered, by our foreign aid programs.

We were told we needed more friends abroad, and we were promised that foreign aid would get them for us. We had a lot of friends abroad before our foreign aid began. Our aid turned old friends into enemies, and deepened the hostility of old enemies. Today, there is not one foreign nation that would give us real help in time of trouble.

We were promised that giving away abroad would help our own economy, because government buys in America most of what it gives away; and that stimulates business. But it stimulates inflation more than it stimulates sound business activity; and it decreases foreign sales of American products, because the world will not buy from us what it can get from us for nothing. Moreover, the tax-cost of foreign aid must be added to the price of American goods, making them less competitive in world markets.

We were promised that giving our wealth away would make us more prosperous, because it would provide other nations the wherewithal to buy our products. This is like saying a neighborhood grocer can get rich by giving away money so that people in his neighborhood can buy more of his groceries.

As the public begins to perceive the fallacy of one set of foreign aid promises, the government invents new promises.

Or, the name of the game is changed: Lend-lease, UNRRA, Greek-Turkey Aid, Marshall Plan, Point-Four Program, Mutual Assistance Program, Mutual Defense Program, Mutual Security Program, Economic Cooperation Administration, International Cooperation Administration. Its present name is Agency for International Development.

Or, operations are altered a bit. For example, there has been more opposition to foreign military-assistance than to foreign economic-assistance. One reason is the obvious, outrageous absurdity of the U. S. government forcing U. S. taxpayers to finance both sides of armaments races throughout the world. Another reason is the attitude of liberals in Congress. Liberals demand military assistance for Israel, and approve it for any other "progressive" regime abroad; but they resent every nickel given to anti-communist governments. Openly approving military aid for pro-communist regimes, while opposing it for anti-communist regimes, eventually gets liberal politicians in trouble with voters, however. So, liberal ardor for foreign aid bills began to cool because every bill contained some military aid for foreign governments deemed to be anti-communist. Consequently, budgeting procedures were gradually changed. Most foreign military assistance was taken out of the foreign aid budget and put in our national defense budget. That fooled conservatives because it looked like a reduction in foreign aid spending; and it enabled liberals to support foreign aid without feeling they were helping anti-communist regimes abroad.

Conservatives calling the foreign aid program a "foreign giveaway" eventually began to affect public opinion. So, operations were subtly altered again. Our government established international agencies to "lend" foreign nations our money instead of giving it to them. Most of the loans are at tax-subsidized interest rates, and few of the borrowers are expected to repay. "Lending," however, sounds better than "giveaway" to voters and taxpayers.

But the more the program is changed, the more it remains the same.

Foreign aid has kept none of the public promises made on its behalf to U. S. voters and

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taxpayers; but it has fulfilled its real, unpublicized purpose. That purpose, incidentally, was stated by Joseph Stalin in the May 8, 1921, issue of *Pravda*, a quarter of a century before foreign aid became a permanent feature of American foreign policy. Stalin said the advanced western nations must give economic aid to other nations, in order to socialize and equalize the economies of all nations until all can be amalgamated in a world socialist system.

America's foreign aid programs were not, however, devised by Joseph Stalin. Overall policies (which include foreign aid) were formulated by another communist: Harry Dexter White, a member of the Council on Foreign Relations and an undercover Soviet spy, who was Assistant Secretary of the U. S. Treasury in the Roosevelt administration.[1]

White was officially designated as principal spokesman for the United States at a United Nations Monetary and Financial Conference held in Bretton Woods, New Hampshire, July 1 to 22, 1944. As U. S. spokesman, he directed and dominated the conference.[1]

At that time, the United States had been enjoying, for about 50 years, an annual balance-of-payments surplus. That is, sales of American goods and services to foreigners always exceeded American purchases of foreign goods and services. In 1944, the U. S. government held about 60% of the world's known monetary gold reserves. The total of foreign claims against our gold reserve (that is, foreign-held dollars and short-term securities which could be exchanged for gold from the U. S. Treasury) was relatively small.

The Bretton Woods conference concluded that American domination of world trade and of the world's monetary gold reserve was having a stagnating effect on the world economy. The conference recommended economic and monetary policies to change the situation. Those policies, which our government has followed ever since the end of World War II, were intended:

(1) to transfer the U. S. gold reserve to other nations;

(2) to build up the industrial capacity of other nations at our expense, and thus eliminate American productive superiority;

(3) to take markets, domestic and foreign, away from American producers until capitalistic America would no longer dominate world trade;

(4) entwine American affairs with those of other nations, until the U. S. could no longer be *independent*, but would become an *interdependent* link in a worldwide socialist chain.[1]

Any who doubt that this plan was deliberately initiated at the Bretton Woods conference should study a speech which President John F. Kennedy made at a meeting of the International Monetary Fund (IMF). IMF was also planned by Harry Dexter White at the 1944 Bretton Woods conference,[2] and White became the Fund's first director.

On September 30, 1963, speaking to finance ministers and banking representatives of 102 nations involved in the IMF, President Kennedy said:

"Twenty years ago, when the architects of these institutions [international monetary organizations] met to design an international banking structure, the economic life of the world was polarized in overwhelming, and even alarming measure on the United States. So were the world's monetary reserves. The United States had the only open capital in the world apart from that of Switzerland. Sixty percent of the gold reserves of the world were here in the United States. . . . There was a need for redistribution of the financial resources of the world. . . .

"This has come about. It did not come about by chance but by conscious and deliberate and responsible planning. Under the Marshall Plan and its successors, liberal assistance was given to the more advanced nations to help restore their industrial plant, and development loans were given to less developed countries. . . .

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"We are now entering upon a new era of economic and financial interdependence. . . .

"I think the last 20 years have provided impressive proof of the benefits of international financial cooperation. We are linked so closely together; our economies are tied so intimately. . . ."[3]

Within a few years after our foreign aid programs began, the U. S. started suffering an annual balance-of-payments deficit for the first time in half a century; and our monetary gold reserve started dwindling. Because of our aid, other nations accumulated surplus dollars, and then exchanged them for gold, from the U. S. Treasury.

In a 1970 report, Congressman Otto E. Passman (who manages foreign aid appropriations bills in the House, and knows more about the program than anyone else) says:

"Can we survive as a strong and competitive nation if we continue dissipating our resources and giving away our wealth to nations all over the world? This practice is destroying our world markets. We are now subsidizing many of our exports in order to meet foreign competition. . . .

"Our balance-of-payments situation, since this worldwide spending spree started, has gotten us into serious trouble. We have paid to foreign nations in dollars $44.1 billion above what they have paid to us, and it will continue to get worse until we stop giving away our wealth. . . .

"We have been borrowing money from the American people to pay for commodities and services which are given free to foreign nations and then borrowing from foreign nations in order to make our balance-of-payments situation look better than it is."[4]

As to our gold reserve, Congressman Passman says:

"During this worldwide spending spree, our gold holdings have been reduced from $22.8 billion to $10.3 billion. . . . Short-term dollar claims against the United States (due now) have increased from $8.6 billion to $42 billion. If we should be called upon to pay off these short-term IOU's, we could not meet the demand."[4]

Gold holdings of other countries have increased, in the same period (1950-1969), from $10.9 billion to $27.3 billion.[4]

In other words, we are bankrupt. Other nations now have almost three times as much gold reserve as we have, but we are still giving aid to 97 nations and 6 territories.

SUGGESTION: Find out how every politician, seeking your vote this year, stands on foreign aid. Support those who promise to help stop it, along with other unconstitutional programs that are ruining our country.

FOOTNOTES

(1) *How The Far East Was Lost* (Chapter 8), by Anthony Kubek, Regnery, 1963 — $10; *The Life of John Maynard Keynes*, by R. F. Harrod; *Interlocking Subversion in Government Departments* (*The Harry Dexter White Papers*), Part 30, Senate Internal Security Subcommittee, Government Printing Office, 1956

(2) *Time*, Oct. 9, 1944, pp. 84-86; Henry Hazlitt column in *Newsweek*, Dec. 31, 1951; *New York Times*, Dec. 10, 1953, p. 22

(3) "Kennedy Pledges U. S. Help If Gold Runs Low Abroad," by Edwin L. Dale, Jr., *New York Times*, Oct. 1, 1963, pp. 1, 16

(4) "To The American Taxpayer," report on foreign aid by Congressman Otto E. Passman (Louisiana Democrat, chairman of Foreign Operations Subcommittee on Appropriations)

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